



STATE OF NEW JERSEY DEPARTMENT OF EDUCATION

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Sherrill Administration's Budget Plan Includes Record \$12.4 Billion Investment in K-12 Education

Governor's Spending Plan Aims to Uplift Student Mental Health, Improve the State's School Funding Formula, & Reduce Costs for School Districts

Trenton, NJ – State school aid allocations were announced today, reflecting a record investment of \$12.4 billion in state aid for K-12 education under Governor Sherrill's Fiscal Year 2027 budget plan. The \$12.4 billion that goes directly to New Jersey's school districts includes an increase of \$372 million from the prior year and is in addition to funding increases to statewide programs designed to support preschool students, protect students' mental health, and improve student outcomes in math and literacy.

This budget stabilizes historically volatile funding levels, paving the way for the New Jersey Department of Education (NJDOE) to work with State leaders and stakeholders to modernize the State's school funding formula. The Governor and the NJDOE also seek to help districts rein in out-of-control costs in areas such as special education and healthcare.

"My budget is focused on ensuring kids in New Jersey have access to the best education and brightest possible future," **said Governor Mikie Sherrill**. "The budget includes a record level of K-12 school funding, while acknowledging that much more work is needed to make sure students and taxpayers get the best return on our investment. It lays the foundation for future improvements – like stronger academic and mental health outcomes, shared services, and more efficient spending – to better support children from birth through graduation and strengthen schools statewide."

"Governor Sherrill's proposed budget focuses our state resources to ensure each and every New Jersey student has equitable opportunities for academic growth, while supporting their health and wellness," **said Dr. Lily Laux, Commissioner of Education**. "I look forward to continued conversations with stakeholders from across the state as we work to modernize and stabilize the school funding formula. Our core commitment remains: Funding will continue to follow students and their needs, a principle central to New Jersey's education system."

While the Governor's budget plan provides a record amount of funding, the Sherrill Administration understands that more money alone cannot solve long-term fiscal challenges facing school districts. To that end, the Administration will pursue strategies to help control higher costs facing school districts, particularly in employee benefits and healthcare costs, special education services, contracted services, and student transportation.

Every county will see a net increase in direct K-12 state aid to its school districts and no individual district will see a reduction of more than 3 percent in state aid, under the Governor’s Fiscal Year 2027 spending plan. In addition to direct aid to districts, the Administration is also increasing funding for programs with strong evidence of yielding positive results for students:

Record Preschool Education Aid: The Governor’s proposal increases Preschool Education Aid by 9.3 percent, to a record level of \$1.4 billion, including \$4.5 million to expand preschool programs into new school districts.

Expand High Impact Tutoring: The Governor’s budget doubles the amount available, providing a total of \$15 million to continue investing in High Impact Tutoring to improve student performance in math and literacy.

Supporting Student Mental Health: The budget allocates \$33 million to NJDOE for SPARK (School-based Partnerships for Access and Resilience for Kids), a statewide initiative to expand K-12 mental health services by strengthening school partnerships with licensed providers, improving coordination, and ensuring timely, school-based support – especially for high-need districts. The program establishes clear pathways for students with high acuity needs and requires measurable performance outcomes to build a more coordinated, prevention-focused school mental health system.

Today’s state aid announcement reflects a continuation of policy choices aligned with Governor Sherrill’s goals to modernize and stabilize the School Funding Reform Act, which provide the blueprint for New Jersey’s state aid formula. For instance:

- The budget limits reductions in state aid to no more than 3 percent, which will prevent the loss of an additional \$188.4 million for school districts. Without a limit to cuts, some districts have faced losses of up to 60 percent of their state aid in recent years. These limits on reductions are offset by a 6 percent limit on state aid increases, ensuring overall stability while recognizing the need for annual adjustments.
- The NJDOE will use a three-year average when determining local fair share, which is the amount of funding a local school district is expected to contribute toward its own budget based on its property wealth and income. Using a multi-year average minimizes year-to-year fluctuations.
- To ensure state aid reflects the real needs of districts, the NJDOE will use actual special education enrollment numbers to determine funding levels, instead of the approach used in years past of relying on a statewide average for all districts.

State aid allocations are available on NJDOE’s [School Finance webpage](#).

